GOVERNMENT PLANS TO PRIVATIZE POSTAL SERVICE

GEORGIA'S UNTAPPED POTENTIAL AS A MEDICAL TOURISM DESTINATION

GEORGIA'S WINE COUNTRY PREPARES FOR CLIMATE CHANGE

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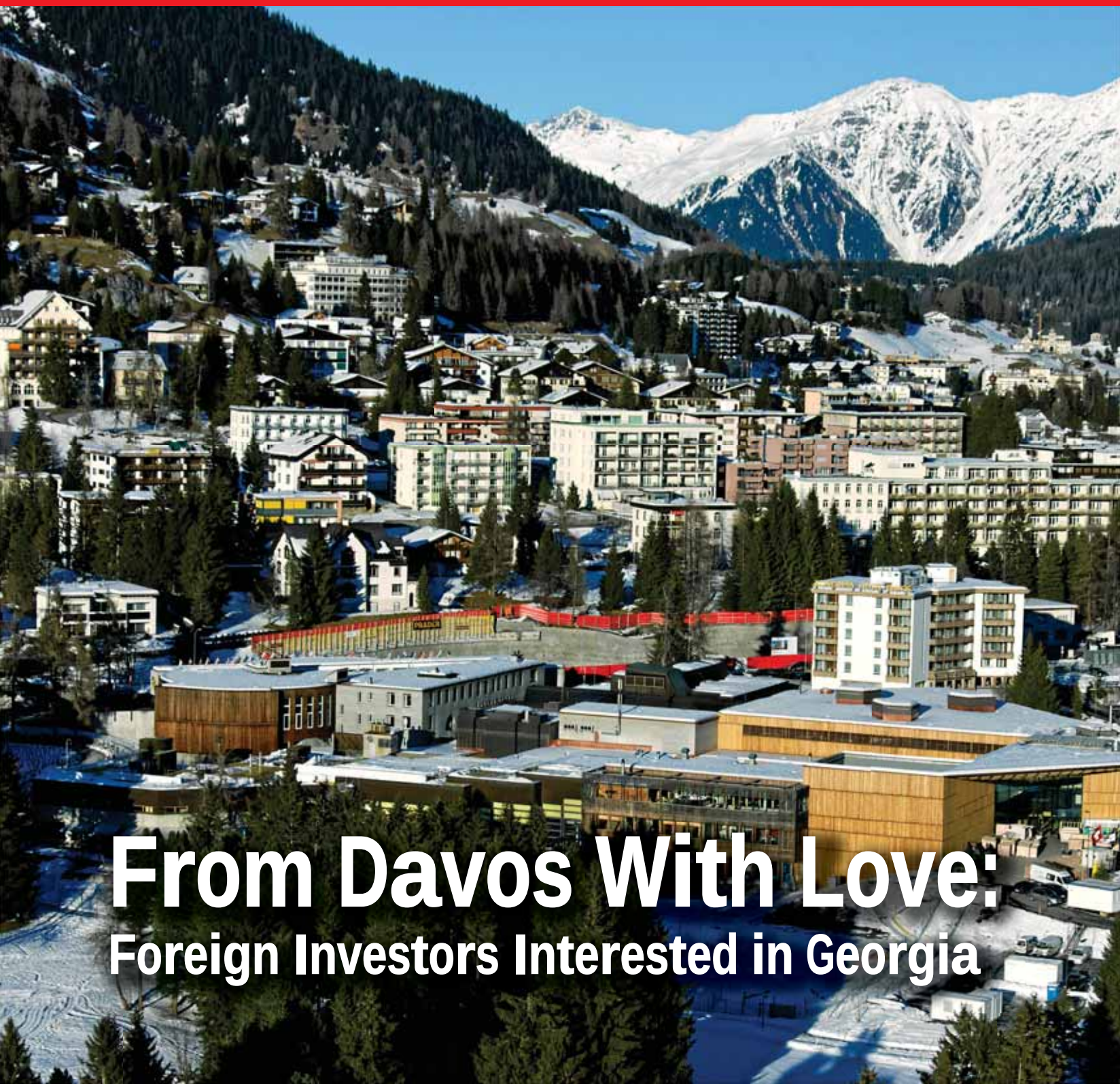

From Davos With Love:

Foreign Investors Interested in Georgia

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INVESTMENT NEWS

INVESTOR.GE PROVIDES A BRIEF UPDATE ON INVESTMENTS AND CHANGES IN GOVERNMENT POLICY THAT COULD IMPACT THE BUSINESS ENVIRONMENT. THE INFORMATION IN THIS ISSUE WAS TAKEN FROM AGENDA.GE, A GOVERNMENT-SUPPORTED WEBSITE, AND OTHER SOURCES.

GEORGIA BREAKS VISITOR-NUMBERS RECORD IN 2018

Over eight and a half million foreigners visited Georgia in 2018—a 9.8 percent year-on-year increase. A little more than half, 4.75 million, were tourists, which is a 16.9 percent increase compared to 2017. Fifty percent more tourists traveled to the country from Estonia, Slovakia, Romania, the Netherlands and Germany. Overall, the countries with the largest increases in tourist numbers were South Korea, China, Belarus, Israel and Kuwait. Georgia brought in some $3 billion from international tourism in the country from January-November 2018—$485 million more than in the same period in 2017.

RECORD HIGH WINE EXPORTS IN 2018

Georgia set a record high for wine exports in 2018, exporting almost 86.2 million bottles of wine to more than 50 countries, the Georgian National Wine Agency reported. In total, the sale of wine to foreign countries generated $203 million—an increase of 20 percent in comparison to 2017. The top 10 countries to import Georgian wine were Russia, Ukraine, China, Kazakhstan, Poland, Latvia, Belarus, Estonia, Lithuania and Germany.

FIVE PERCENT ECONOMIC GROWTH FORECAST FOR 2019

The World Bank forecasts a five percent growth rate for the Georgian economy in 2019, which is higher than the predicted growth for neighboring countries: Armenia (4.3 percent), Azerbaijan (3.6 percent), Russia (1.5 percent) and Turkey (1.6 percent). The most recent forecast bumped up Georgia's growth rate by 0.2 percent. Georgia's strong growth is especially notable considering that global growth is expected to slow down to 2.9 percent in 2019.

GEORGIA MOVES UP IN FORBES' BEST COUNTRIES FOR BUSINESS RATING

Georgia has moved up eight ranks in 2018 in Forbes magazine's "Best Countries for Business" rating. Ranked 44th out of 161 countries, Georgia is ahead of all neighboring countries: Russia (55th), Turkey (57th), Azerbaijan (70th), Ukraine (77th) and Armenia (81st). Georgia's ratings were especially impressive in trade freedom (4th), investor protection (2nd), tax burden (16th) and corruption (43rd). The new ranking puts Georgia head of Qatar, South Africa, Brazil and India, among others.

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DOWN TO A SINGLE TAX DOCUMENT—GEORGIA DOES AWAY WITH EXTRA TAX FORMS

Businesses in Georgia will only have to file one tax document, instead of five, as of January 1. This reform has been introduced in a bid to reduce bureaucracy and strengthen the ease of doing business in the country, especially for small- and medium-sized businesses.

NEW TAX BENEFITS FOR LARGE INTERNATIONAL COMPANIES

In a bid to become the financial center of the region, Georgia is offering unique tax benefits to large transnational companies that open up regional offices in the country.

Prime Minister Mamuka Bakhtadze previously introduced the concept of electronic residency, which will allow the citizens of more than 30 countries to electronically register their companies and to open bank accounts in Georgia.

NEW RESTRICTIONS ON BANKS ISSUING LOANS

The Georgian National Bank has issued stricter rules on who can receive bank loans. Starting on January 1, banks are responsible for determining if clients have the financial means to pay back loans before they are issued.

The new regulations also make it more difficult to issue loans using real estate as collateral—such loans can be issued if a borrower owns several pieces of real estate and if the properties are not leased. These regulations will affect only entities that have given loans to 20 or more individuals.

Government Plans to Privatize Postal Service

ECONOMY MINISTER GIORGI KOBULIA ANNOUNCED THE INTENTION TO PRIVATIZE THE POSTAL SERVICE LAST YEAR. TODAY, FEW DETAILS ARE AVAILABLE, AND IT IS UNCLEAR WHEN THE PRIVATIZATION SALE WILL TAKE PLACE OR UNDER WHAT CONDITIONS.

NINO BAKRADZE

The Georgian Post is, reportedly, up for sale. It could have a new, private owner by the end of the year, according to Economy Minister Giorgi Kobulia.

"The new owner of Georgian Post will be responsible for universal service. I mean that letters should be delivered to any citizen of Georgia. We will organize a transparent auction. Participants [in the tender] should be qualified," he said when he announced plans for the sale late last year.

When and under what conditions it will be sold are still unknown, however.

Few other details are available. Both the Georgian Post and the Economy Ministry have declined to speak about the plans.

But local economists have expressed mixed feelings about the idea.

IMPROVING BALANCE SHEETS

The Georgian Post, which operates around the country with branches in nearly every town, traditionally loses money. But its balance sheet has improved in recent years. In 2017, it only lost 326,000 lari in 2017 (approximately $123,000), bringing in two million lari more than it earned the previous year.

In fact, the postal service has been earning more money every year since 2016.

The government has introduced a number of changes to help the postal service grow: while the Saakashvili administration considered privatizing it in 2010, it later started to invest in remodeling branches and promoting postal deliveries.

Over the past several years, the Georgian Post has intro-

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duced more services and has even sought to compete with international private delivery companies and re-mailers.

It is hoped that a privatization would provide much needed investment, and the introduction of outside expertise, to allow the postal service grow, improve its service and become a greater contributor to the economy.

STRATEGIC ENTITY

Concerns about who will be eligible to buy the postal service once it goes on sale have grown since Kobulia announced the government's intention to privatize. Shota Gulbani, the head of the Association of Young Financiers and Businessmen, warns that it's risky to privatize strategic entities, particularly if a Russian company wants to buy it.

"Our non-friendly neighbor has huge financial resources and they could purchase our strategic entities without a problem. And then they could blackmail the government in different ways.

If the government wants to privatize some entity, it is better to keep the majority of its shares as state property and privatize only part of them. The state should have control over the post, the railway and hydropower plants in order to avoid any risky situations," he told *Investor.ge*.

Kobulia, however, has argued that the postal service would be more profitable and efficient after privatization.

MP Beka Natsvlishvili argues, however, that the Georgian Post was a profitable company even under state management.

"Why should we privatize state-owned properties, rather than simply manage them more efficiently? If certain managers are not good enough, let's change them instead of privatizing. Profitable state-owned companies provide income for the budget and their value is shared among the citizens of Georgia. After such entities are privatized, we will receive one more rich individual instead of a rich society," he said.

NEW WAVE OF PRIVATIZATION

Georgian Post is just one of the state-owned entities reportedly up for privatization. Former Prime Minister Giorgi Kvirikashvili launched the privatization wave in 2015, as part of the government's strategy for dealing with the weak lari.

Over the past four years, the Georgian budget has received over 407 million lari from privatization deals, which included the sale of the Poti Free Industrial Zone, and several other entities. The National Agency of State Property currently manages 100 state-owned properties and plans to receive over 70 million lari in privatization sales this year.

Georgian media have reported that those entities include part of the railway, the Georgian Oil and Gas Corporation and the State Electricity System, but the Economy Ministry has not officially confirmed which state-owned companies are scheduled to be put on sale.

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The Doctor is In: Georgia's Untapped Potential as a Medical Tourism Destination

GEORGIA IS ATTRACTING A RECORD NUMBER OF TOURISTS, BUT MORE NEEDS TO BE DONE TO RAISE AWARENESS OF ITS NASCENT MEDICAL TOURISM SECTOR.

ARI NEUMANN

Georgia's tourism success is no secret. In 2017, Georgia was listed as the world's fourth fastest-growing tourism destination by the UN World Tourism Organization's 2017 report.

In 2018, Georgia smashed its own record for international travelers, clocking in at 8 million visitors between January and November, of which almost 4.5 million were tourists—a 17.2 percent increase compared to the same period in 2017.

Despite the boom in tourism at large, there are plenty of tourism sectors still waiting to be developed and whose potential has yet to be tapped.

Of the 4.5 million tourists in 2018, few came to the country for medical services. Those who did accounted for only approximately 16,500 arrivals on average per quarter in 2018, or just 2.76 percent of tourists.

These numbers only tell part of the story, however, as the medical tourism industry in Georgia is still in a developmental stage.

ROOM TO GROW

Back in the early and mid-2000s, there were several attempts at positioning Georgia as a medical tourism destination and a short-lived boom of activity, when an average of 20,000 tourists were coming into the country per quarter for medical purposes.

However, there was little lasting effect, and the numbers quickly sunk back down to their current level.

Medical tourism has taken off in neighboring Turkey, and even Iran boasts larger numbers than Georgia—of six million tourists in the one-year period from March 2016 to March 2017, the Iranian Ministry of Health registered some 105,000 inbound patients.

So what's happening with medical tourism in Georgia, what does Georgia have to offer, and what can be done to encourage industry growth?

The Georgian National Tourism Administration's Tamar Kakhidze believes the sector is poised for growth.

"Georgia already has a lot to offer in the way of dentistry, ophthalmology, plastic surgery, cardiology and other fields. There is room for development elsewhere as well, as medicine was particularly well-developed in Georgia in the Soviet period, and medical staff are now well-trained according to Western standards," Kakhidze noted.

There is growing awareness of the country's potential as a medical tourism destination, she said.

"Many years ago, maybe there were stereotypes about Georgia, and foreigners might have questioned the logic of seeking medical care or similar services in the country. But the Georgian National Tourism Administration (GNTA) and even the private sector has done much to raise awareness about the country abroad. Stereotypes of Georgia as a former Soviet state on the fringes of Europe have long dissipated," Kakhidze says.

What makes Georgia an attractive destination? Well, to begin with, Kakhidze says, there are the factors of price and service.

"In those terms, Georgia is hard to beat in the region. Though we do attract our neighbors, Georgia is even more marketable in Europe and beyond when you take into consideration the price and quality of services here," she said.

Moreover, the country is rich in spa-resorts, microclimates, and boasts a rich culture and cuisine: all good reasons to come for medical care and stay to recuperate.

But why is Georgia still lagging be- ▸▸

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NODIA, URUMASHVILI & PARTNERS

Lasha Nodia on Official Launch of Prague Rules

The Managing Partner of "Nodia, Urumasvili and Partners" Lasha Nodia, together with other experts mainly from the Civil Law countries, was the member of the Working Group for drafting the "Rules on the Efficient Conduct of Proceedings in International Arbitration (Prague Rules)".

On 14 December 2018 "Prague Rules" was adopted and launched, in cooperation with The Global Arbitration Review, in Prague, Martinický Palác. Lasha Nodia participated in the official Signing Ceremony of the Prague Rules in the capacity of a supporter and a Member of the Working Group, and as the Representative of Georgian Arbitration Association.

The Prague Rules is supported in Georgia by the arbitration institution "Dispute Resolution Center" (DRC) and Georgian Arbitration Association (GAA).

The primary aim of drafting "Prague Rules" was to make arbitration more efficient and diverse. The IBA Rules of the taking of Evidence in International Arbitration i.e. "IBA Rules" is mainly based on the Common Law. It is justified to apply IBA Rules when opposing parties are from Common Law countries or from different legal traditions. However, it is inefficient to use IBA Rules if parties or their representatives are from Civil Law traditions who are unfamiliar with the intricacies of Common Law.

The First Draft of the Rules was published at the beginning of 2018. There were intense discussions held on the project of the Rules worldwide, especially in Austria, Belarus, Great Britain, Georgia, Spain, China, Latvia, Lithuania, Poland, Portugal, Russia, USA, Ukraine, France, and Sweden. The discussions and comments played a crucial role in the finalization of the Prague Rules.

The "Prague Rules" clearly states that the rules are designed to supplement the procedure agreed upon by parties and/or applied by arbitral tribunals. The Rules empower and encourage arbitral tribunals to be more actively involved in the process of investigating the facts, evaluating the evidence of a case and its management.

Georgia is a Civil Law Country, and its neighboring countries, as well as the countries that share commercial ties with Georgia, are predominantly Civil Law countries. For this reason alone, it is crucial to have access to international arbitration mechanisms based on Civil Law traditions.

Georgia has an excellent opportunity to become a hub for regional and international commercial arbitration. The Prague Rules can serve as an important tool in assisting Georgia to achieve this goal.

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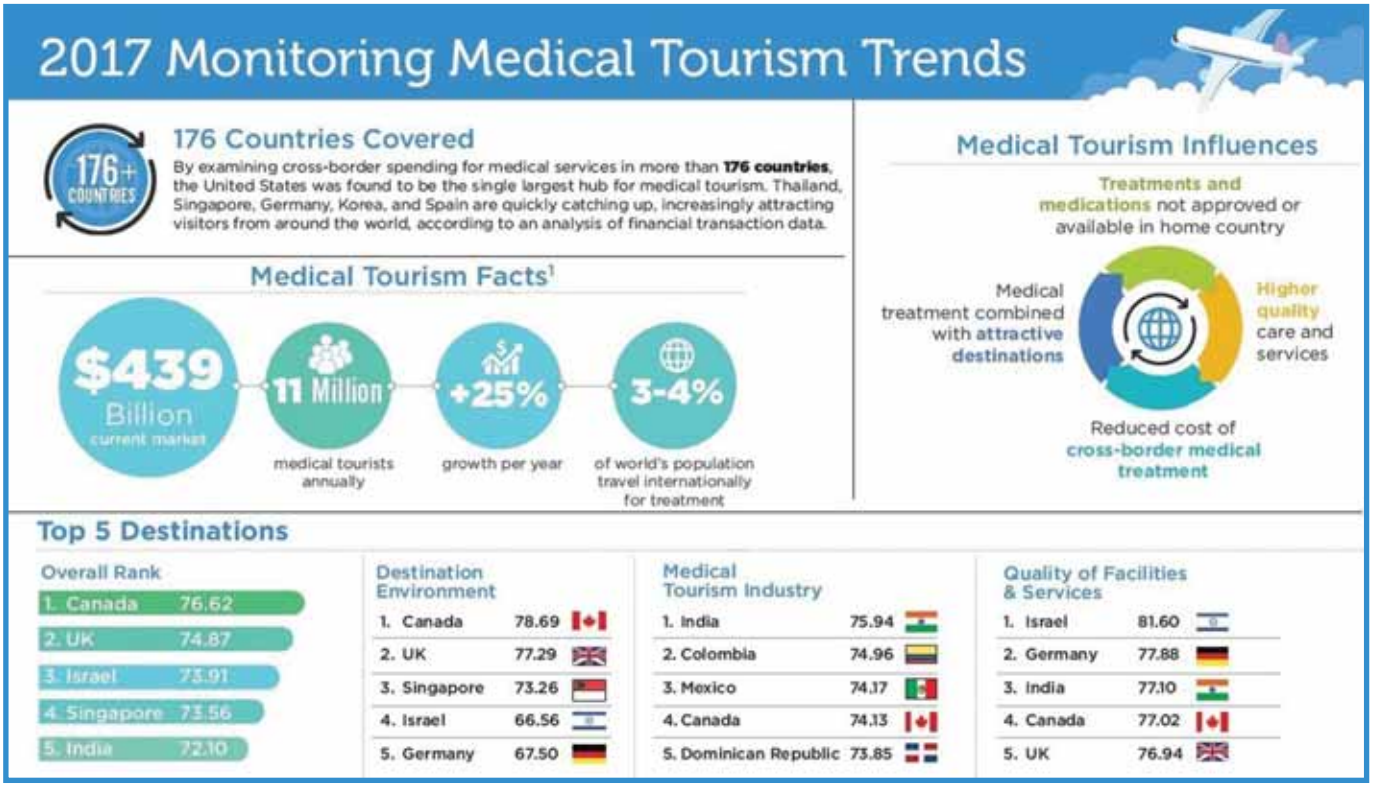

hind in the numbers?

Kakhidze says that medical tourism has only recently made its way onto the agenda of the GNTA.

"We've recently published a number of brochures for spa-resort related tourism that we present at fairs abroad. Now, we are preparing a similar packet of information related to healthcare and medical-tourism services in the country. Maybe there isn't enough awareness yet out there about medical care in Georgia, but we're working on it, and we'll get the word out."

The Head of the Reproductive Health Center of Chachava Clinic, Keti Gotsiridze, noted people already visit Georgia for surrogacy services.

"People are coming in from everywhere. As far as Australia, and as close as Israel and Germany—especially Germany! I can say that we have equal numbers of clients coming in from across the world."

One thing that brings people to Georgia is the liberal legislation, Gotsiridze told *Investor.ge*, especially when it comes to medical services such as surrogacy.

"Right now, Georgia, and additionally Ukraine, are the leading destinations for people seeking surrogacy services. Thailand, India and Mexico were some of the first countries to offer these services, but legislation there has limited its availability. Of course, there's always the U.S., but there, surrogacy services can run you $150,000 per delivery, whereas here, we can offer the service at about $30,000 to $40,000, depending on our client's needs."

> Georgia already has a lot to offer in the way of dentistry, ophthalmology, plastic surgery and cardiology

The response of the Georgian government has largely been hands off, says Gotsiridze. The health and safety of surrogate mothers is ensured by legislation, and surrogate mothers are well-informed of what such a commitment entails.

"The [Georgian Orthodox] Church has reacted similarly. There are certainly members of the Church who do not like the idea, but many are open to it if they are properly presented with the information . . . and at the end of the day, these women are doing something wonderful, a miracle really. That's hard not to see," Gotsiridze says.

Natia Narmania, Marketing and Sales Director of American Medical Centers Georgia, says that a number of recent initiatives put forward by the Georgian government could pave the way for the country to attract patients interested in

other medical services.

"From simply easing visa restrictions or visa-free travel to Georgia, providing investment and subsidies or tax-breaks for larger healthcare organizations and investments, to sponsoring research and development, much can and is being done to stimulate growth in the sector," she said.

Narmania noted that more can be done.

"Corporate incentives also play a role in promoting medical tourism," she said. "For example, recently, Turkish Airlines began to give significant discounts for medical travel flights, thereby boosting international patients inbound to Turkey. Similar measures could be introduced in Georgia."

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The Pension Reform And Its Implications

Deloitte.

THE LAW ON CONTRIBUTORY PENSION SIGNIFICANTLY INFLUENCES BOTH INDIVIDUALS AND BUSINESSES AND, LIKE MOST NEWLY ENACTED LEGISLATION, HAS GIVEN RISE TO A NUMBER OF PRACTICAL ISSUES. SOME OF THESE ISSUES CONCERN THE WORDING OF THE LAW ITSELF, WHILST OTHERS EMANATE FROM THE ABSENCE OF CLEAR REGULATION.

Teona Makharashvili

Aleksandre Megrelishvili

Nino Goshkheteliani

Giorgi Khurodze

WHAT IS A CONTRIBUTORY PENSION SCHEME?

The Contributory Pension Scheme is a recently introduced occupational pension scheme under the Law in which an employee's own contributions, as well as their employer's and the state's contributions, credited to the individual pension account of the employee, are invested.

An individual will be entitled to use the pension assets (contributions and the accrued interest) upon reaching the retirement age or in other cases as provided by the Law.

HOW ARE CONTRIBUTIONS MADE TO THE PENSION SCHEME?

Contributions to the Pension Scheme are made through an electronic system.

For employed individuals contributions are made upon the payment of the salary by:

i. An employee in the amount of 2% of their gross salary;

ii. An employer in the amount of 2% of the employee's gross salary;

iii. State in the amount of 2% of the employee's gross salary for the part of the employee's gross annual income that is less than GEL 24,000; 1% of the employee's gross salary for the part of the employee's gross annual income that is more than GEL 24,000 but less than GEL 60,000.

For the part of the employee's gross annual income that exceeds GEL 60,000, the state will not make any contribution.

Self-employed individuals, if they decide to engage in the Pension Scheme, will have to contribute 4% of their annual income. The same state contribution structure applies in this case.

WHO IS AUTOMATICALLY INVOLVED IN THE PENSION SCHEME?

Employees who were under the age of 60 (or 55, in the case of women) on August 6, 2018 will be automatically involved in the Pension Scheme upon the receipt of their first Salary.

DO AUTOMATICALLY INVOLVED INDIVIDUALS HAVE ANY RIGHT OF WITHDRAWAL?

Yes, they do in limited circumstances. Namely, if an employed individual who has reached the age of 40 (both for men and women) prior to August 6, 2018 does not wish to be involved in the Pension Scheme, they may withdraw within five months after the automatic involvement but no earlier than three months from that date. An individual's failure to withdraw within this timeframe renders them a part of the Pension Scheme.

WHO MAY BE INVOLVED IN THE PENSION SCHEME VOLUNTARILY?

Employed individuals who have reached the age of 60 (or 55, in the case of women) prior to August 6, 2018 and self-employed individuals may get involved in the Pension Scheme voluntarily.

CAN FOREIGN NATIONALS PARTICIPATE IN THE PENSION SCHEME?

Yes, if they reside in Georgia on the basis of a permanent residence permit. The Pension Scheme does not apply to non-resident individuals, which includes foreign nationals (and stateless persons) staying in Georgia on a temporary basis and Georgian nationals who are not residing in the country. In other words, temporary resident permit holders in Georgia are not required to participate in the Pension Scheme. However, this also precludes them from engaging in the Pension Scheme, even if they so wish.

WHAT ARE SOME OF THE KEY CHALLENGES ASSOCIATED WITH ADMINISTRATION OF PENSION CONTRIBUTIONS?

The most prominent problem which companies face with administering pen-

sion contributions is probably the impossibility to correct declarations through the electronic system once a pension declaration has been submitted (which is an option for tax declarations).

In order to receive the pension contribution paid in excess, a company would need to file a written application to the pension fund to have the sum returned to the account it was paid from or, alternatively, request that the sum remain in the individual pension account, on the condition that it will be balanced in the next period.

In addition to the foregoing, the Law and its subordinate legislation do not provide guidance as to when employers must submit pension declarations. It may be argued that if a company provides a benefit to an employee, it is required to declare the pension immediately (and pay the relevant contribution), rather than wait until the salary is credited. Should this be the case, it would naturally increase the administrative workload for employers.

ARE INDIVIDUALS WITH SERVICE CONTRACTS REQUIRED TO PAY THE PENSION CONTRIBUTION?

The short answer is yes. Under the Law, the definition of the term "Employee" includes individuals who "perform obligations within the scope of the relations that are regulated by civil legislation of Georgia." This includes service contracts as well.

In such cases, the responsibility for administration of pension contributions lies with the Employer (under the Law, an "Employer" is a person who remunerates work performed by an Employee).

DOES THE DEFINITION OF "SALARY" UNDER THE LAW INCLUDE BENEFITS?

Yes, benefits fall within the definition of "Salary" under the Law. The term includes income received for provided services that are taxed at the source as well as any compensation or benefit received by an individual as a result of employment. For Employees, this means that 2% of gross value of every benefit (bonuses, discounts, health insurance, food vouchers, etc.) that they receive from their Employer will be deducted from their Salary. For Employers, this entails an additional 2% pension charge for the gross value of every benefit that they provide. For these purposes, secondment-related expenses do not fall within the ambit of the Salary, provided that the limits established by law are not exceeded; the 2% charge is also not applicable to income received through investment, royalty, rent, and lease.

The following example is a simplified version available in the Instruction to the Law dated November 30, 2018: suppose an Employee's monthly gross salary is GEL 1,000, and they also receive a gross GEL 100 monthly for fuel expenses (gross sums include personal income tax and the pension charge). The total gross salary, for the purposes of the Law, is GEL 1,100 (GEL 1,000 + GEL 100). The pension charge applicable in this case will be GEL 1,100*2%=GEL 22. In total, the pension contribution to the Employee's individual pension account from all three involved parties (the Employee, their Employer, and the state) will be GEL 22 + GEL 22 + GEL 22=GEL 66. As for the personal income tax, it would be equal to (GEL 1,100 - GEL 22)*20% = GEL 215.6. Consequently, the Employee will receive GEL 1,100 - GEL 22- GEL 215.6 = GEL 862.4.

In the context of paying the pension contributions, two options must be analyzed: a) a company decides to contribute, at its expense, the 2% pension charge to be paid by an Employee; or b) the company deducts it from the Employee's gross salary.

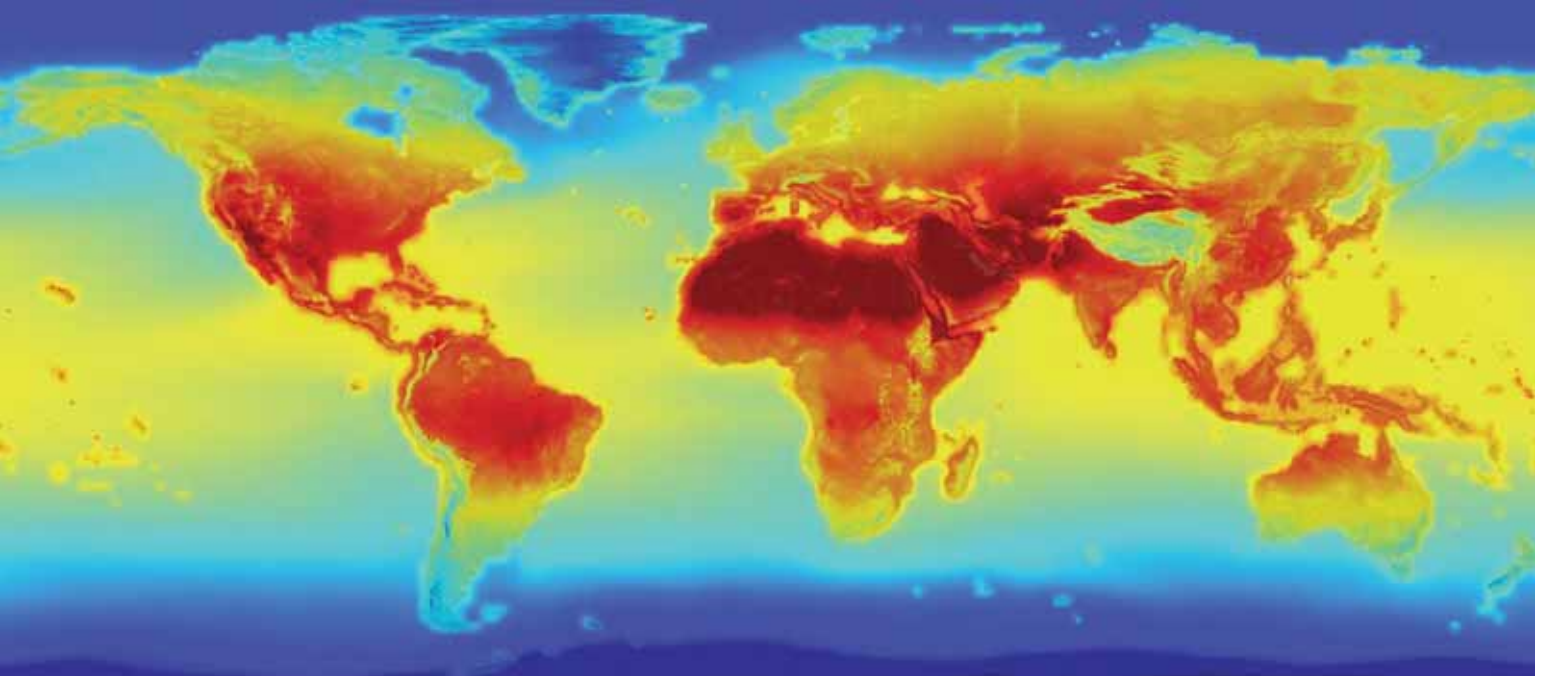
If a company elects the former option, an Employee will receive their income without the deduction of the pension contribution – the sum to be originally paid as a pension contribution will now be a benefit of the Employee, and we at Deloitte are of the view that it may be subject to personal income tax.

ARE PENSION CONTRIBUTIONS EXEMPT FROM PERSONAL INCOME TAX?

Yes, they are. However, personal income tax is payable in the following cases: a) an Employee engaged in the pension leaves Georgia permanently and withdraws their accrued pension assets; b) an Employee opts to withdraw their pension assets from their individual pension account, provided that they reach retirement age no later than five years after the date when they began making pension contributions; c) pension assets are transferred to the heir of a Pension Scheme participant as a lump sum payment (in lieu of transferring the assets to the individual pension account of such heir).

The issues raised in this article are by no means exhaustive. With time, new challenges may emerge which the government must tackle with a view to increasing the ease of doing business in Georgia.

The article is based upon Georgian legislation effective at the time of writing. The contents of this article represent Deloitte's subjective opinion regarding the applicable legislation, law enforcement practice, and assumptions known to us when this article was prepared. Deloitte accepts no responsibility or liability for any reliance placed on the views provided in the article.



Georgia's Wine Country Prepares for Climate Change

EXTREME WEATHER, INCLUDING RISING TEMPERATURES, CAN FEEL LIKE A DISTANT THREAT FOR TEMPERATE GEORGIA. BUT STUDIES SHOW THAT WINE-GROWING REGIONS, INCLUDING KAKHETI AND RACHA, ARE AT RISK. THE GEORGIAN GOVERNMENT IS ALREADY TAKING SOME STEPS TO HELP THE GRAPE AND WINE INDUSTRY, BUT THE BIGGEST INNOVATIONS ARE BEING PUSHED BY WINE GROWERS THEMSELVES.

SALLY WHITE

Every year climate change causes billions of dollars of damage to the wine industry, with Georgia among the wine countries most affected. According to one of Germany's Karlsruhe Institute of Technology (KIT), "[t]he wine regions of Mendoza and San Juan in Argentina are exposed to the highest risks due to extreme weather and natural hazards worldwide. Kakheti and Racha in Georgia come in at number 2 [. . .]" This was noted in a study covering more than 7,500 wine regions in 131 countries.

Last summer broke heat records in Georgia. Now, climate scientists expect more record-breaking temperatures, with those at the University of Brest in France stating "man-made global warming and a natural surge in the earth's surface temperature will join forces to make the next five years exceptionally hot."

Georgia is not short of studies on the impact of greenhouse emissions (such as those the World Bank, the EU, USAID, World Life Fund for Nature, et al.), but most of the attention within Georgia itself has been given to the need to cut pollution and to food staples. In contrast to other parts of the country's agriculture industry, wine is robust, with a number of major groups able to invest, though the vast amount of Georgia's grapes are produced by small-scale subsistence farmers who cultivate long-held family plots.

EFFECT ON GRAPES

The rising heat is critical for grapes. Writing in the Australian Journal of Grape and Wine Research, Don Mateo Keller of Washington State University's Department of Agriculture describes the consequences. "An upward shift in seasonal temperature will dramatically shift the growing season, thereby changing the normal pattern of grape development toward an earlier onset of flowering, veraison (the onset of ripening), and harvest. The timing of veraison may be of particular importance, because earlier veraison implies that the critical ripening period shifts towards the hotter

part of the season."

"The consequence to grape chemistry is substantial: elevated fruit sugar, lower acid concentrations (especially malic acid), and lower anthocyanins and methoxypyrazine levels. Higher sugar delivers shifts in alcohol, altering flavours and mouthfeel."

Climate change, it has long been recognized, will hit Georgia hard: shrinking glaciers, less rain and snow, more weather extremes, frequent heavy downpours and hail, soil erosion, higher temperatures and more wind. An in-depth report prepared in 2009 by the Ministry of Environment Protection and Natural Resources for the UN Framework Convention on Climate Change stated that "it can be concluded that comparing the climate change scenarios obtained under all available methodologies, both in Western and Eastern Georgia, an increase for the years up to 2100, in the mean annual temperature of 3.50 C, will be accompanied by a decrease in precipitation by about 9-13 percent."

"These trends can already be observed—on average in 1952-65 in eastern Georgia there were 54 days of drought, but by 1998-2007 there were 72. The report continues: "[. . .] an increase in precipitation and floods is expected [. . .] land erosion is intensifying [. . .] The growth in the pest population both in crops and in forests is anticipated. These processes are being already observed [in 2009]."

Especially concerning for farmers is that "against a background of rising temperature and declining precipitation, a decrease in air relative humidity by 6% and in the value of hydrothermal coefficient by about 30% is anticipated, that will cause a fall in soil moisture content," the report notes.

LOCAL SOLUTIONS

Tougher growing conditions are making some major wines expand control of their vineyards, rather than buying from the small-scale farmers. Thus, they can better monitor growing conditions to ensure quality for Western export markets, as opposed to volume, for Russian or Chinese export markets. The deteriorating quality of the soil in many vineyards is a frequent criticism in international agriculture reports. "What we can say is that Tbilvino cultivates all its own vineyards and uses drip (micro) irrigation ▸▸

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systems," said Executive Director Zurab Margvelashvili, of Tbilvino, a company having bought 37 hectares in Kakheti last year. "And we use high-quality nutrient materials for the vineyards," he added.

Government action has been to support grape prices (when justified), to compensate for weather damage and to offer loan assistance for irrigation installations and for new plantings. Specifically to help with the disruption and damage arising from climate change, it has backed a project to help combat crop disease financed by the Austrian Development Programme and the EU. Its aim is to have a network of agro-metrology stations equipped to forecast when the risk of crop disease is high. These stations measure wind, air pressure, sun radiation and the temperature and humidity of air and soil and send out free text messages with advice on treatment.

LESSONS FROM ABROAD

A paper from the U.S. National Academy of Sciences suggests that the general shift of warmer temperatures poleward will lead to a "huge shake-up in the geographic distribution of wine production," according to researcher Marc Lallanilla. In California, Australia, Spain, Italy, Germany and France (where temperatures have risen by over two degrees celsius since 1950) vineyards are harvesting earlier. Wineries worldwide, reported Nature Climate Change last year, are trying to find new, more heat-tolerant grape varieties and developing new ones to stop their industry from migrating to cooler regions. For example, in Germany's Upper Rhine Valley, new types of grapes, known as the "piwi varieties," can adapt to the new climate and withstand fungal mildew.

For grapes, these rising temperatures are critical

As elsewhere in the world, self-help is the major solution, which for small Georgian farmers is less than easy in spite of generations of experience with vines. One way, though open for few because of the cost, is to buy land in cooler areas—some such land in owned in Kakheti by the government. A few owners, in common with the Chianti region of Italy (according to an EU-funded research paper on climate change) are pursuing a solution of relocating vineyards uphill.

At Danieli Winery, a family owned estate in Akhmeta at the far end of Kakheti, owner Olaf Malver remembered lessons he had learned from his 15 years in the western U.S. A producer of top-quality wines, Danieli has begun to move vines higher up his hillsides.

"We were lucky to already have higher-located land available to experiment with growing grapes at higher altitudes, in soils with good drainage and close to a cooling forest. These lands are actually in the Kisi terroir that likes dry, well-drained soil and coolness, and we have planted these grapes high on the trellises (a new thing in Georgia as well) to get some ventilation from below to avoid mildew. Our Kisi is now demanding high prices," he added.

Twins Wine Cellar at Napareuli, another Kakheti family estate, has taken a scientific approach to studying local conditions. It has seen the bad state of Kakheti soils from the "piling on of fertilizer" to combat adverse growing conditions and the increasing incidence of heat-triggered vine disease.

One of the ways the owners, the Gamtkitsulashvili family, "is trying to tackle the current challenges is the bio-vine approach. We do not use mineral fertilizers with our vines. We do not use irrigation systems in our vineyards. Instead, we cultivate the soil frequently so we can maintain humidity. We treat vines only using special contact liquids which are not absorbed by the vines. As a result, the yield in vineyards has decreased but the grape quality is high."

Government action has been to support grape prices (when justified), to compensate for weather damage and to offer loan assistance for irrigation installations and for new plantings

Another approach to combat the effects of climate change under consideration by the Gamtkitsulashvili family is that "perhaps it would be possible to strengthen existing vines." Or, by re-examining old, currently unused varieties! In Spain, the historic Catalonian wine company Bodegas Torres, in addition to seeking higher-altitude planting sites, has been looking at the country's ancient grapes in a project in collaboration with France's National Agricultural Research Institute. It has rediscovered 46 grape varieties. As it told *The Atlantic* magazine, "Some of these varieties thrived extremely well in the arid testing environments, due to characteristics like their berries ripening near the end of autumn, and to water-retention mechanisms like restricting or slowing leaf growth."

Some 8,000 years ago, Georgia gave the world wine. In the 21st century, with its almost bottomless vine gene pool and wide range of climate zones, as Olaf Malver points out, Georgia could make history again with a climate change solution for vineyards internationally.

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From Davos With Love:

PRIME MINISTER MAMUKA BAKHTADZE LEAVES DAVOS WITH PLEDGES OF INTEREST FROM SEVERAL PROMINENT INTERNATIONAL COMPANIES.

Foreign Investors Interested in Georgia

The 2019 World Economic Forum in Davos, Switzerland underscored increased interest in Georgia, according to Georgian Prime Minister Mamuka Bakhtadze.

Agility Global Integrated Logistics, a global leader in integrated logistics, appears to already be interested. The company is "very bullish" on the potential to "cooperate" with the Georgian government on future projects, according to CEO Tarek Sultan Al Essa.

Stena Rederi, a Swedish shipping company, also expressed interest in Georgia following a meeting with Bakhtadze. The company's CEO, Carl Hagman, said there is "a lot of interesting potential to develop in the Black Sea." "I come from a shipping company and we have been discussing how we create networks of transportation on the Black Sea. Georgia is geographically very well-suited. I think Georgia has excellent governance and the PM's enthusiasm about his country is shared by me," he was quoted as saying. PM Bakhtadze had other meetings with significant investors from several countries while in Davos, including several who spoke of concrete plans to invest in Georgia, according to the prime minister's official website, www.gov.ge. "We used this platform and held very important negotiations with companies that plan to make foreign direct investments (FDI) in Georgia. Interest has been expressed towards all sectors, starting from consumption goods and ending with energy," Bakhtadze said. He especially highlighted meetings with high tech companies. "Unfortunately, we have not seen in abundance high tech investments in recent years, and it is particularly important for me to get investments exactly from companies operating in the sector of high technologies," he said.

ECONOMIC HUB

Bakhtadze said the most important message from the Georgian government was that the country is ready to be an economic hub for the region. "Georgia will essentially transform into an economic hub of our region, which means that we will be able to create more jobs and ultimately combat poverty in the country," he said. "If you look at a

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map, Georgia is the natural candidate to become a regional hub. The strategy of my government is to make Georgia a regional hub for business, trade, finance, logistics, tourism and education," the prime minister told Deutsche Welle. "We would like to facilitate the growing volume of trade between Asia and Europe. This is the reason why we are investing so much in our infrastructure, and I am very happy in Davos that we see there are more and more companies willing to invest in Georgia and participate in these very important programs and projects," Bakhtadze said.

FROM CHOCOLATE TO HEALTHCARE

Swiss chocolate producer Camille Bloch SA announced plans to invest in Georgia, according to a statement released by the company's CEO, Daniel Bloch. Bloch met with Bakhtadze on the sidelines at Davos.

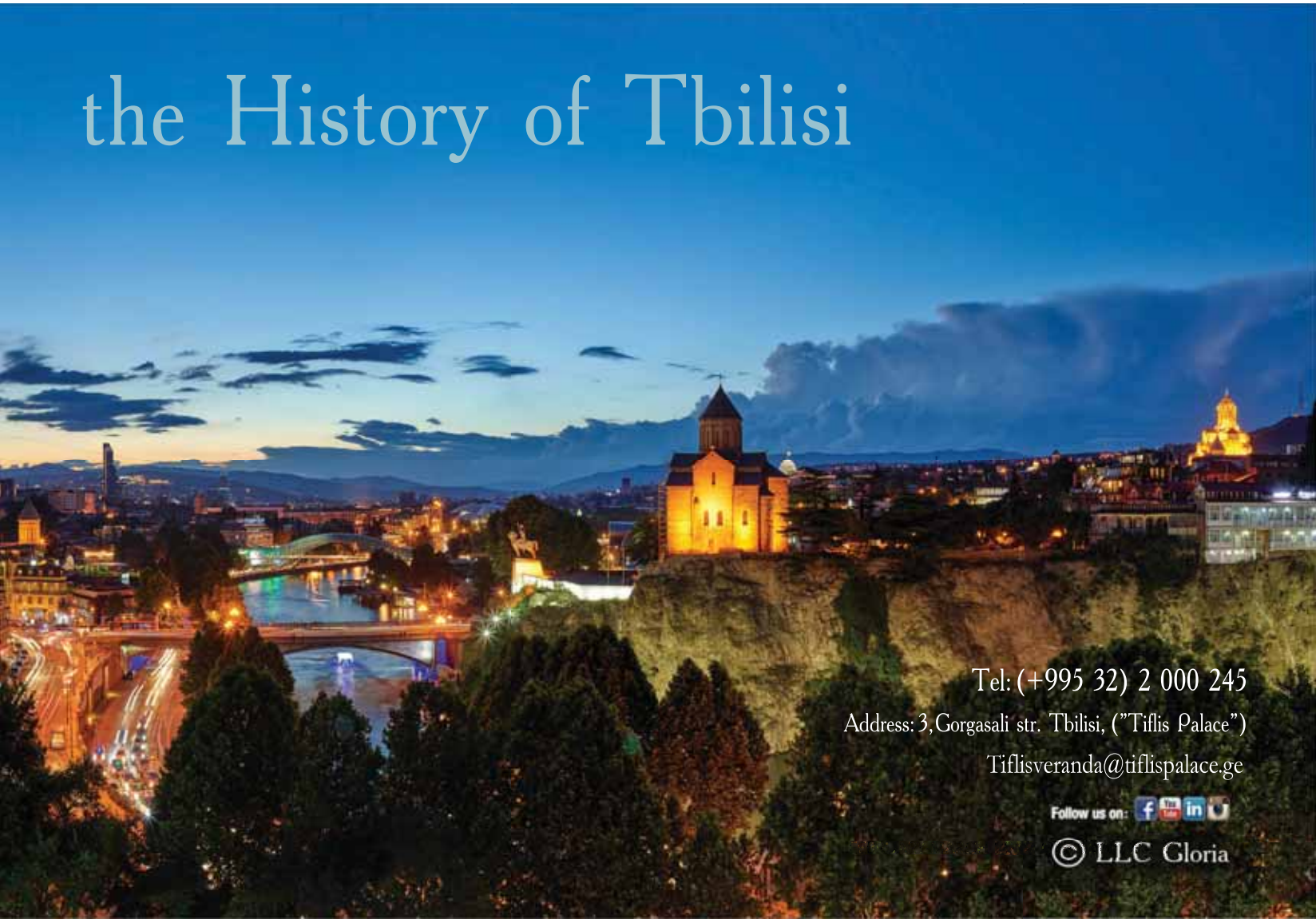
The company reportedly plans to purchase land to grow hazelnuts which will be used in its signature Ragusa chocolates. VPS Healthcare, which has over 125 medical centers across the Middle East, Europe and India, also plans to study investment opportunities in Georgia, according to gov.ge.

"We have agreed that our delegation will soon visit Georgia to study relevant opportunities. Georgia has great potential as a tourist destination. Georgia's ease of doing business is excellent, so we will further study these opportunities. Our delegation will visit Georgia within a month," the Chairman of VPS Healthcare, Dr. Shamsheer Vayalil was quoted as saying following his meeting with Bakhtadze.

CHINESE INTEREST

Chinese Minsheng Investment Group President Lu Benxian also spoke about potential cooperation with Georgia following his meeting with Bakhtadze at Davos.

"Over the last few years, Georgia has been rapidly developing and a favorable policy for investments has been introduced. Our goal is to try to use this opportunity. We want to discuss the possibility of investing in Georgia," Benxian was quoted as saying.



Professional Gardening Blossoms in Georgia

THE PATRIARCH'S LOVE OF FLOWERS, COUPLED WITH THE GENEROSITY OF GEORGIAN EMIGRES, HAS HELPED DEVELOP A PROFESSIONAL CADRE OF LANDSCAPERS AND GARDENERS IN GEORGIA.

LIKA JORJOLIANI

The Patriarch of the Georgian Orthodox Church, Ilia II, has long had a penchant for flowers.

So much so that in 2006, the Institute of Decorative Horticulture and Ecology was founded by the Tbilisi Ecclesiastic Academy and Seminary with the support of the Patriarch himself. The institute is located next to Tbilisi's iconic Holy Trinity Cathedral, known in Georgian as Sameba, and offers three fields of study: gardening, floral design and landscaping.

The institute's website says its aim is to "train highly-qualified, environmentally-conscious specialists who are in demand, mobile and competitive." The Institute especially tries to help socially vulnerable segments of the population—including children from disadvantaged families, internally displaced persons, and the elderly.

It is the only such institution in the country, the Institute's Deputy Director Tekla Sikharulidze told *Investor.ge*. "Since the Institute is completely unique in the country, I can say we've created an entire profession in Georgia. But we couldn't have done any of it without the American Friends of Georgia charity foundation, which was instrumental in the effort," she said.

The American Friends of Georgia Executive Director in Georgia Lena Kiladze told *Investor.ge* that the foundation's priority is to help people help themselves—that is, to give people skills to support themselves. That made the choice to aid in the creation of the Institute of Decorative Horticulture and Ecology an easy one.

"Charitable activity used to be a part of the culture in Europe, and in Georgia as well, in the 19th century . . . But in the Soviet period, this tradition was lost. One of the main targets of the activities of the American Friends of Georgia is the promotion of philanthropy. The government will not manage to overcome the social problems that exist in the state alone. All citizens and business organizations are socially responsible for this process," Kiladze said.

A GENERATION OF GARDENERS

The Institute's success has been clear: over half of its 300 graduates have found work as gardeners or professional landscapers, according to Sikharulidze.

Interest in the profession is also growing: she noted that there are 103 students registered at the faculty of gardening alone.

Tsira Okropiridze, a former actress, graduated in 2013, and now works as a landscape designer.

"I read about the Institute in a magazine article sometime in 2012. I didn't even think about it—I applied immediately, got in and studied in the faculty of landscaping. The college transformed me from a landscaping amateur into a professional," she said.

Okropiridze wasn't slow to get busy after graduating—she felt the institute had more than adequately prepared her for her career.

"Toward the end of our course, we were given classes in writing business plans. I jokingly put together a project for a rose garden. But once I'd written it, I promised myself to turn it into a reality that summer—which I did. I got a 1,200 square meter plot of land in Saguramo and called it Rose Art. It was 2016 when we had our first exhibition. It became an annual thing, and by 2018 it was already a rather large event—it was renamed 'A Rain of Roses,'" she recalled.

"We have different, talented people come out and perform music, display their art and speak about gardening-related topics and how to green-up areas, make them better suited for recreation and how to make public areas more pleasing to the eye."

"I don't make money off this exhibition—it is used for getting the word out

there about our roses (the bulk of my income) and to spread awareness about landscaping and taking care of the green areas around us," she explained.

"In the future, I want to build an event hall in Saguramo, where ceremonies such as marriages can take place," she said.

"To become a professional in Georgia, you need to work hard and have the will to move forward. You can't look at your business as if it's a burden. It must give you pleasure, it should be an art. I'd like to thank the excellent teachers I've had at the institute who taught us how to work with colors, dendrology and landscaping. This college prepares excellent gardeners and designers."

FROM STUDENT TO ENTREPRENEUR

David Ogbaidze is another graduate of the Institute. He, too, had an amateur background in gardening, but says the Institute has given him the professional tools and business know-how on how to promote himself and build a personal brand.

Ogbaidze entered the Institute in 2015, having found out about the opportunity from a local church he was helping with gardening.

"I studied gardening and decorating. When I graduated, I immediately got a gig as a private gardener. I've been working for four years now as a decorative gardener. I'd like to thank the Institute, because it gave me the tools I need and it put me on the right life path. Now, I work at the Institute itself and at the Natakhtari Airport as a decorator," he said.

"Gardening isn't very developed in Georgia, but the industry is slowly growing, and there are many jobs to be had. While many young people look at gardening as being not prestigious enough, that attitude is slowly changing. Sure, many of the people at the college were older than 40-50 years old, but the trade is slowly catching on amongst the younger generation, too.

Ultimately, many people and organizations need qualified gardeners—it's a well-paid and in-demand skill to have," he emphasized.

"I want to keep growing, and keep studying. For now, however, I am doing well. I work in about five different gardens, and make about 1,500 lari a month. I also have the opportunity to help my fellow gardeners—when I get jobs, I often call in my colleagues, and I'm able to pay them well. It's a skill that gives to me, and gives back to others as well," Ogbaidze said.

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From Abkhazia to Destination 'Success'

INVESTOR.GE CELEBRATES ENTREPRENEURSHIP–AND IN THIS ISSUE JOURNALIST TATJANA MONTIK SPOTLIGHTS THREE GEORGIAN ENTREPRENEURS WHO HAVE OVERCOME TREMENDOUS HARDSHIP TO CREATE SUCCESSFUL BUSINESSES IN THE COUNTRY.
NANA ARJEVANIDZE, GIORGI DARTSMELIA AND MAYA KOBALIA ALL LOST THEIR HOMES IN ABKHAZIA DURING THE 1992-1993 CONFLICT. TODAY, ALL THREE HAVE CREATED SUCCESSFUL BUSINESSES BY INVESTING THEIR TIME AND TALENT IN GEORGIA.

TATJANA MONTIK

NANA ARJEVANIDZE (55), THE OWNER OF DEMI CATERING

Nana Arjevanidze has been in the catering business for over 11 years. "Demi caters only for corporate clients, big organizations, businesses and embassies," Arjevanidze explains. A great achievement, especially if you take into account that she started with nothing. Arjevanidze was born in Abkhazia, in the town of Gagra, and earned her degree in Odessa, the Black Sea port in Ukraine. "After my graduation, I was not at all in a mood to work in my profession. Instead, I was reading books, enjoying life and just dreaming," she says. But then, when the civil war broke out in 1992, everything changed. "Have you ever asked yourself what would you take with you, if someone told you that you have to abandon your home forever within the next 15 minutes? Now, with my experience, I can tell you the answer: you quickly grab all documents, your money and jewelry, and please don't forget your old family photographs carrying your personal history! They are, for that reason, invaluable," she says.

Arjevanidze lost everything due to the war, even her father. At first, she sought to rebuild her life in Israel, where she had friends. But she returned to Tbilisi after just five months.

Even then, she didn't plan on staying. It was a difficult period for Georgia. The country was reeling from the havoc of civil war. Nothing was functioning properly: there was no electricity, no food supply, no gas, no jobs.

But Arjevanidze's aunt mentioned there were good jobs at the Metekhi Hotel.

"So one day, when I was passing by this hotel, I went in in order to ask whether they had a job for me. It was a crazy idea, of course, as I didn't know anyone in that place. But if you don't try, you never have a chance to succeed.

"I had good luck, though, as they had just fired a switchboard operator and were therefore looking for a new one," she recalls.

During her interview with the general manager of the hotel, Arjevanidze impressed her future boss. "When he asked me why I wanted to get this job as a switchboard operator, I replied that I needed not that particular job, but any job. When he asked me what I would choose: a job in the post office or in Metekhi Hotel, I said, I would prefer the job in which the salary would be higher and where the boss would be more intelligent." Arjevanidze worked there for four years, moving up to a position in the accounting department.

In 1997, she left for Moscow, where she first worked in a Marco Polo Hotel. Then she established her own small retail business in a suburb of the Russian capital. She came back to Georgia in 2001, to work at the small Demi Hotel as a night concierge. "After a few months, we agreed that I would rent out his hotel together with another partner in order to run it myself. It was a proper time to do this business. So we were rather successful from the beginning. The other partner left our business pretty soon, though, and I proceeded doing it myself."

Demi Hotel was making a good profit, but the monthly rent was high. So Arjevanidze was interested when one of the hotel's guests told her about his catering business in Yerevan. Eventually she even visited his business in Yerevan to learn more about it.

The idea clicked, and Arjevanidze started her career with a catering job for the German Organization for Economic Cooperation (GEZ).

The event was actually for the launch of the first settlement for IDP families near Gori. Arjevanidze recalls that against all odds—including horrible weather—the event was a success. Perhaps, she jokes, the German ambassador was simply very hungry. In any case, after that, Demi Catering took off.

"The German Embassy started to give us one order after another, and we started catering receptions at the Ambassador's residence. Each time we were getting such an important order, I really thought that it would be our last one. At that time we didn't feel very confident, and we thought that soon everybody would realize that we are just playing a fancy game," she says.

But the orders kept coming. Demi Catering slowly grew, from a single cook, one server and one waiter to a nine-person kitchen staff and four person delivery system.

Eventually Arjevanidze had to leave the hotel business so she could dedicate all her time Demi Catering.

In the first five years, catering felt like a gamble, she said, but the team was inspired and motivated to make it a success.

Today, Arjevanidze says her employees are like a second family.

She is now working at a new project: a stylish café with quite an unusual concept in Tbilisi's Sololaki district.

GIORGI DARTSMELIA (41), THE CO-OWNER OF A VERIKO, A SUCCESSFUL RESTAURANT IN TBILISI

Giorgi Dartsmelia was born in Sukhumi. "In my childhood, I was always planning to go into business, but I never thought I would ever leave Abkhazia. However, when I was 14 years old, my family, along with many others were, mildly saying, 'asked to leave' due to military actions," Dartsmelia recounts.

Together with his parents, he flew to Tbilisi. He went to school there and afterwards he studied economics at the University of Saint Petersburg in Russia. Twelve years ago, he founded a fashionable cocktail bar there, followed by a Georgian restaurant and an Italian café. Prior to the restaurant industry, he dabbled in the men's fashion retail business.

Despite his success in Russia, Dartsmelia was eager to return to Georgia when the opportunity presented itself. "My school friend Taras Kvaratskhelia called me and suggested that we open a bar in Tbilisi. I liked that idea, but eventually the bar became the restaurant Veriko. However, a wine bar will be our next project," he says, noting that another childhood friend, Mamuka Mamardashvili, joined the project.

Friends from Sukhumi are at the heart of Dartsmelia's project.

"Since we left Sukhumi, we never lost touch. Some of our managers are also from Sukhumi. We call ourselves a Sukhumi gang," he jokes.

We are meeting at Veriko, a cozy place with a pleasant atmosphere: soft sofas, huge contemporary-art paintings on dark-blue walls, chandeliers reflected in huge mirrors and a lot of air and space. Dartsmelia points out that the pieces of art painted by the well-known Sukhumi artists Avtandil and Giorgi Shengelia, all depicting their vision of a girl, Veriko, after whom this restaurant was named.

The restaurant was named "partly because of the fact that we are in Vere district, partly because a famous Georgian actress Veriko Andjaparidze used to live across the road, but generally because this name is just so beautiful and it means 'hope,'" Dartsmelia says, smiling.

Veriko is located in the historic red-brick building of the former First Tbilisi Wine Factory. "We are glad to say that our clients are mostly local Tbiliseli, not only expats and tourists, who appreciate our cuisine," Dartsmelia states proudly.

"I don't like to throw around words like 'success.' In business, the only thing you need is to make an honest, high-quality product. If you do so, you can ▸▸

look into the eyes of your clients and see approval and pleasure there. This you might call success, whereas all stars and ratings don't matter at all," he says.

Is there a difference between doing business in Russia and in Georgia? Dartsmelia believes everyone creates their own success through their actions and the company they keep. "When you work in the right way, setting your tasks properly and controlling them on schedule, you will get a great result.

If an investor says that Georgian people are not reliable, that means that he has lost control. You must be more demanding, you must have stronger control, and you should generally rely only on yourself. To work with other people successfully means being a good psychologist," Dartsmelia advises.

His 'Sukhumi gang' is planning more business endeavors, including a wine bar and a dukhani, i.e. a traditional Tbilisi middle-budget restaurant.

When asked about Abkhazia, Giorgi is not sentimental: "Since my family left it, I have never returned there, although I could have. If I go there, I will return to my home. I don't like to discuss the 'pain' issue. It's just not proper to return home as a guest," he says.

Maya Kobalia (32), Head of the Environmental and Social (E&S) Division, of Crystal Microfinance Organization

Maya Kobalia was born in the Abkhazia capital Sukhumi into the family of a lawyer and an engineer. She does not have many memories of her childhood in Abkhazia, as she was very young when her family was forced to flee from Sukhumi to Tbilisi in 1992.

What she does remember is living in a single 24-square-meter room with her entire family once they settled in Tbilisi.

"In Tbilisi, the four of us lived in a small 24-square-meter room in a former polyclinic that was transformed into a home for displaced families. We spent almost 17 years living there, and this one room served as everything: for sleeping, studying, eating, and receiving guests."

Those years had a profound effect, she says.

"Now I appreciate every little thing that I have in my life, and I don't take anything in my life for granted," Kobalia adds. Kobalia graduated from high school in Tbilisi and went on to get her degree in international relations from Ilia State University, where she also studied English and Polish. She received a scholarship to study in Poland as an exchange student, and then to study at the University of Tartu in Estonia for her Master's degree. A semester at Berlin's Humboldt University followed.

With her international diplomas, Maya did not have too much trouble finding a good job when she got back to Georgia in 2010. In 2011, she started working for the NGO "Georgia Alliance for Safe Roads" as executive director. She became a member of the organization's board of directors in 2018.

"With my colleague, the founder of the organization, Eka Laliashvili, we performed many campaigns for road safety, and we achieved quite a lot," Kobalia states. "Just imagine: in 2011-2014 we had success with the campaign 'Don't drink and drive' in a country which is considered to be the cradle of wine!"

Prior to the campaign, around 9,000 people per year were injured and 600 were killed in road accidents in Georgia. That number is now decreasing, she says.

Since 2012, Kobalia has also been working for Crystal Microfinance Organization, where she is now heading the CSR and Environmental Division. "I had never thought of working for a private business company, as I have never had any interest in the business sector. But this organization is different." Kobalia says.

"We try not to sell fish to my clients, but the knowledge of how to fish," she says.

"At Crystal, I have an amazing opportunity to make a difference in people's lives. I dream of being able to inspire people with all my heart."

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CONCEPT DESIGN FOR GEORGIAN ELECTRICITY MARKET FINALLY APPROVED

The Ministry of Economy approved long-awaited Concept Design for Georgian Electricity Market. Due to harmonization with the Energy Charter, fundamental changes are to be made to the Georgian energy sector and the Concept Design sheds some light on how the Government views the new, and hopefully, more competitive and transparent energy market. The Concept Design aims to regulate the Transitory Period lasting from 1 January 2019 until 31 December 2022, the latter being considered as the deadline for transition to a new model. The document calls for establishing the Organized Electricity Markets, which encompasses the competitive markets for electricity with respect to a Day-Ahead Market (DAM), Intraday Market (IDM) and Balancing Market. Significantly, deregulation strategy on all customers level shall be completed by 2021, while IDM Platform is to be launched by 2022 accompanied with continuous deregulation of the energy market. The Concept Design also details out rights and responsibilities of various market players (including but not limited to Transmission System Operator, Power Exchange, Market Operator and Wholesale Public Entity) and calls from unbundling of energy distribution from power supply. All being implemented well, the document has the potential of reviving somewhat stagnated energy market and development of new projects, which is highly necessary for the country's energy independence.

REGULATIONS IMPOSING OBLIGATION OF RESPONSIBLE CREDITING TO LENDERS

On 25 December 2018, the President of the National Bank of Georgia has finally approved the Statute on Crediting of Individuals. The Statute defines criteria for issuing loans and aims to improve lending standards and quality of credit portfolios. The document promotes socially responsible crediting to protect rights of borrowers from risks caused by excessive debts. The Statute establishes criteria and rules for performing solvency checks, including rules for verifying the factual income of the debtor. The Statute further sets maximum maturity terms for mortgage, property backed, auto and other consumer loans. The Statute is binding for all lending organizations supervised by NBG that issue loans to individuals (including individual entrepreneurs).

PROSPECTIVE REGULATIONS ENCOURAGING SOCIAL ENTREPRENEURSHIP

Following the footsteps of EU countries, the package of legislative bills encouraging social entrepreneurship was lodged to the Parliament of Georgia. The package envisages adoption of a new Law of Georgia on Social Entrepreneurship. It is proposed to introduce a notion of "social entity". The status of social entity may be obtained by an enterprise which i) is established with the aim of supporting social equality, employment of vulnerable groups, achievement of social objectives in the fields of education, culture, health, sport and environment, ii) conducts entrepreneurial activities, iii) reinvests at least 70% of its profit towards the activities for achievement of its social purposes, v) is not directly or indirectly related/subordinated to any state authority and vi) key decisions in the company are rendered by majority of 80% of votes. To encourage involvement in development of the targeted fields, the social entity shall be granted several incentives, such as preference in public procurements of goods and services and certain tax benefits. Stay tuned to hear more about how the bill develops in the Parliament.

For more information and advise please contact us:

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blc.@blc.ge blc.ge

WHAT TO DO THIS WINTER:

A Cultural Calendar of Events, Performances, Exhibitions and Festivals in Georgia

14
VORTEX
PETRONAS

THEATRE/PERFORMANCES

IGGY
When: Multiple dates at 20:00 (Feb. 1, 14, 15, Mar. 24)
Where: Movement Theatre, 182 Davit Aghmashenebeli Ave.

BALCONY
When: Feb. 2 at 19:00
Where: Akhmeteli Theatre, 8 Vekua Street

ASTIGMATISTS
When: Multiple dates at 20:00 (Feb. 2, Mar. 1, 16)
Where: Movement Theatre, 182 Davit Aghmashenebeli Ave.

HELLADOS
When: Feb. 3 at 19:00
Where: Akhmeteli Theatre, 8 Vekua Street

SILENT, REHEARSAL!
When: Multiple dates at 20:00 (Feb. 3, Mar. 15)
Where: Movement Theatre, 182 Davit Aghmashenebeli Ave.

THE TEMPEST
When: Multiple dates (Feb. 3, 23, Mar. 14)
Where: Movement Theatre, 182 Davit Aghmashenebeli Ave.

THE STORY OF A MURDERER
When: Multiple dates at 20:00 (Feb. 8, Feb. 9
Where: Movement Theatre, 182 Davit Aghmashenebeli Ave.

DON JUAN
When: Multiple dates at 20:00 (Feb. 10, Mar. 9)
Where: Movement Theatre, 182 Davit Aghmashenebeli Ave.

INTRO
When: Multiple dates at 20:00 (Feb. 16, Mar. 7)
Where: Movement Theatre, 182 Davit Aghmashenebeli Ave.

LABYRINTH
When: Multiple dates at 20:00 (Feb. 28, Mar. 23)
Where: Movement Theatre, 182 Davit Aghmashenebeli Ave

WELCOME TO GEORGIA
When: Multiple dates at 20:00 (Mar. 12, 19, 26)
Where: Music and Drama State Theatre, 182 Davit Aghmashenebeli Ave

ART EXHIBITIONS

NOWHERE TO RUN, IRAKLI BUGIANI
When: Until Feb. 8
Where: Project ArtBeat (14 Pavle Ingorokva)

VARLA, FELIX VARLAMISHVILI
When: Until Feb. 24
Where: Georgian National Museum, 3/10 Shota Rustaveli Ave

WISDOM TRANSFORMED INTO GOLD
When: Until Feb. 28
Where: Georgian National Museum, 3/10 Shota Rustaveli Ave

RED TERROR AND GEORGIAN ARTIST
When: Until Mar. 1
Where: Georgian National Museum, 3/10 Shota Rustaveli Ave

MASTERS OF GEORGIAN ART
When: Until October 2019
Where: Georgian National Museum, 3/10 Shota Rustaveli Ave

FESTIVALS, EVENTS, TALKS, NETWORKING

VI TBILISI INTERNATIONAL CHOREOGRAPHIC FESTIVAL
When: Mar. 29-31
Where: Tbilisi State University, 1 Chavchavadze Avenue

TALK: SUSTAINABLE TRANSPORT
When: Feb. 6 at 19:30
Where: Generator 9.8, 164 Tsotne Dadiani Street

TALK: CIRCULAR ECONOMY AND SUSTAINABILITY
When: Feb. 13 at 19:30
Where: Generator 9.8, 164 Tsotne Dadiania Street

INTERNATIONAL EDUCATION FAIR
When: Feb. 22–23
Where: ExpoGeorgia, 118 Akaki Tsereteli Ave

TALK: SMART CITIES AND ARCHITECTURE
When: 27 February at 19:30
Where: Generator 9.8, 164 Tsotne Dadiania Street

SPORTS

RUSTAVI INTERNATIONAL KARTING SERIES 2019
When: Feb. 3
Where: Rustavi International Motorpark, Rustavi

QUIDDITCH WORLD CUP
When: Mar. 10 at 18:00
Where: Dinamo Stadium, 2 Akaki Tsereteli Ave

CONCERTS

SOIRÉE DISCO
When: Feb. 2 at 20:00
Where: Backstage 76, Vake Park Underpass

WINDSHIELD
When: Feb. 3
Where: Creator Bar, Machabeli Street 10/14

TEONA MOSIA QUARTET
When: Feb. 3
Where: Tbilisi State Conservatory, 8/10 Alexander Griboedov Street

STEFANO MINDER
When: Feb. 14
Where: Tbilisi University Campus, 1 Chavchavadze Avenue

THOMAS FEHLMANN
When: Feb. 22
Where: Mtkvarze, 2 Agladze Street

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For 25 years, TMC has been guiding organizations through complex projects in information technology, bio-medical services, construction, international travel and logistics, and border security solutions.

From TMC's offices in Georgia, Ukraine, Uzbekistan, Russia and the United States, TMC delivers solutions to clients on every continent, even under the most difficult physical and political situations.

TMC has delivered several projects in Georgia. TMC recently implemented a national Laboratory Information Management System, provided interpretation services to the Georgian military for several years, provided training support for the Georgian Coast Guard's reception of two new ships last summer, and has constructed dozens of buildings including border facilities for the Georgian police.

TMC's experts are ready to solve your organization's most complex issues. TMC's decades of experience, technical expertise, and project management skills will chart a true path and guide you to your destination.

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AMCHAM

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AMCHAM MEMBERS MEET WITH US EMBASSY

AMCHAM HOSTED A MONTHLY BUSINESS ROUNDTABLE MEETING AT THE BILTMORE HOTEL ON JANUARY 30 WITH U.S. CHARGÉ D'AFFAIRES TO GEORGIA/ INTERIM AMBASSADOR ROSS WILSON AND U.S. CONSUL TO GEORGIA JEANETTE REBERT. AMBASSDOR WILSON DISCUSSED US-GEORGIA RELATIONS AND CURRENT ISSUES IN GEORGIA. REBERT DISCUSSED THE ROLE OF THE CONSULAR SECTION AND THE SERVICES THAT THEY PROVIDE. THEIR PRESENTATION WAS FOLLOWED BY A LIVELY Q&A.

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AMCHAM LUNCH WITH PRIME MINISTER MAMUKA BAKHTADZE

THE AMERICAN CHAMBER OF COMMERCE IN GEORGIA HOSTED PRIME MINISTER OF GEORGIA MAMUKA BAKHTADZE FOR A SPECIAL MEMBER'S LUNCHEON EVENT ON DECEMBER 12 AT THE BILTMORE HOTEL. PM BAKHTADZE PRESENTED ON THE GOVERNMENT'S ONGOING PROJECTS AND FUTURE PLANS FOR GEORGIA. THE EVENT WAS ALSO ATTENDED BY THE MINISTER OF ECONOMY, GIORGI KOBULIA, AS WELL AS OVER 130 REPRESENTATIVES FROM AMCHAM MEMBER COMPANIES. MEMBERS HAD THE OPPORTUNITY TO ENGAGE IN DISCUSSIONS WITH THE PRIME MINISTER DURING THE QUESTION AND ANSWER SESSION.

ICTSI's new intermodal facility to improve operations of Batumi Port

In 2007, Batumi International Container Terminal LLC (BICT), was granted a 48-year lease contract to develop and operate a container terminal, ferry bridge, and dry bulk general cargo facility at the Batumi Sea Port in Adjara, Georgia. After almost 11 years of container handling operations and several large-scale investments, BICT now boasts a projected annual capacity of 200,000 TEUs.

New rail-connected CFS

BICT, looking to maximize the port's potential as the gateway to the Caucasus and Central Asia, is currently developing two hectares of its total land area for container freight station operations. The development includes a 2,500-square meter warehouse and 180-meter rail spur for cross-stuffing from railcars to containers and vice-versa, helping clients reload and store their cargoes prior to securing Customs clearance.

Aside from the CFS, BICT is also developing 1.1 hectares for full container and vehicle (stripped from containers) storage, along with 2.7 hectares for empty storage and truck parking.

Deeper waters, improved landside connectivity

In 2018, BICT — in cooperation with the Batumi Sea Port — completed the dredging of the water area and fairway to increase the minimum depth alongside to 11.5 meters and, allowing feedermax vessels to operate at the port.

Aside from significantly enhancing the port's competitiveness, the dredging also works to preserve the waterway and draft of the piers.

On the land side, the construction of a new bridge has allowed BICT to operate more efficiently and increase its throughput. The bridge allowed BICT to have its own dedicated two-lane gate, which made it easier to distinguish container from ferry cargo. This simple, yet very important operational process, resulted in more efficient port operation.

Seeing the big picture

Like pieces to a puzzle, these infrastructure projects collectively work to significantly improve the efficiency of BICT's operation, leading to a more vibrant and economically healthier port activity. International Container Terminal Services, Inc. (ICTSI), BICT's mother Company, will continue to uphold its commitment to the Georgian Government to develop the Port of Batumi into a modern trade gateway.

Ketevan Oragvelidze | Marketing Manager
Batumi International Container Terminal LLC
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Batumi International Container Terminal LLC
An ICTSI Group Company

NEW MEMBERS

BLOX
Corporate A

Blox Real Estate Development Company was founded in Republic of Georgia and concentrates its activities in Tbilisi for this moment. The company designs and builds comfortable and affordable residential apartments in Tbilisi, as well as hotels located in the touristic center of the city. It carefully chooses the locations for potential projects, with the priority of recreation and relaxation with minimal footprint to the urban environment, thus its goal is to maintain the presence in "green areas," far from the city's urban noise and crowded places. Due to professional approaches, rapid and non-compromising quality implementations, the company has acquired its niche on development market and gained the loyalty from its customers. The company team aims high and works hard to create much better, high quality environmentally healthy standards to be shared by other players as well, and establishes new industry standards in the competing field.

At the current moment BLOX has four main directions: Residential Apartments (Development and Construction); Hospitality, Hotel Construction & operations; Restaurant Chain: "2 TONS "and Craft Beer production "Boxing Fox."

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Corporate A

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Mr. John Paul DiPirro
Individual

International Republican Institute in Georgia

Mr. Sid White
Visiting

Now semi-retired, Sid has 40 years of experience as a practicing Economic Development professional.

HOW TO STAY HEALTHY THIS COLD SEASON

IMSS AND DR. MIKE MCCARTHY PROVIDE VALUABLE HEALTH ADVICE FOR YOU AND YOUR FAMILY THIS COLD AND FLU SEASON. FOR MORE DETAILED INFORMATION ABOUT THE FACTS PRESENTED HERE, PLEASE CONTACT DR. MCCARTHY: DR.MIKEMCCARTHY@IMSS.GE

SEASONAL INFLUENZA (FLU)

Influenza (flu) is a contagious respiratory illness caused by influenza viruses. It can cause mild to severe illness. Serious outcomes of flu infection can result in hospitalization or death.

Some people, such as older people (>65), young children (<5), people with certain health conditions (i.e. Immune issues, Cardiac conditions, Lung disease, Heavy smokers, Chronic illness) are at high risk of serious flu complications. The best way to prevent influenza is by getting vaccinated each year

THE FLU SEASON

Flu viruses are most common during the fall and winter. The exact timing and duration of flu seasons can vary but influenza activity often begins to increase in October. Most of the time flu activity peaks between December and March, although activity can last as late as May.

HOW FLU SPREADS

Most experts believe that flu viruses spread mainly by tiny droplets made when people with flu cough, sneeze or talk. These droplets can land in the mouths or noses of people who are nearby. Less often, a person might get flu by touching a surface or object that has flu virus on it and then touching their own mouth, nose or possibly their eyes.

PERIOD OF CONTAGIOUSNESS

- People with flu are most contagious in the first 3-4 days after their illness begins.
- Some otherwise healthy adults may be able to infect others beginning 1 day before symptoms develop and up to 5 to 7 days after becoming sick.
- Some people, especially young children and people with weakened immune systems, might be able to infect others with flu viruses for an even longer time.

FLU SYMPTOMS

Flu can cause mild to severe illness, and at times can lead to death. Flu is different from a cold. Flu usually comes on suddenly. People who have flu often feel some or all of the following symptoms:

- fever*
- cough
- sore throat
- runny or stuffy nose
- body aches
- headache
- chills
- fatigue
- sometimes diarrhea and vomiting

*It's important to note that not everyone with flu will have a fever.

COMPLICATIONS OF FLU

Complications of flu can include bacterial pneumonia, ear infections, sinus infections and worsening of chronic medical conditions, such as congestive heart failure, asthma, or diabetes.

People at High Risk of Developing Serious Flu–Related Complications

Most people who get sick with flu will have mild illness, will not need medical care or antiviral drugs and will recover in less than two weeks.

Some people, however, are more likely to get flu complications that can result in hospitalization and sometimes death. Pneumonia, bronchitis, sinus infections and ear infections are examples of flu-related complications. Flu also can make chronic health problems worse. For example, people with asthma may experience a worsening of this condition triggered by flu. Below are groups of people who are more likely to get serious flu-related complication if they get sick with flu:

- Children younger than 5, but especially children younger than 2 years old
- Adults 65 years of age and older
- Pregnant women (and women up to two weeks postpartum)

TREATING THE FLU

Rest, fluids and symptomatic treatment. If the illness is serious, there are antiviral drugs that can be used to treat flu illness where indicated by your doctor.

PREVENTING SEASONAL FLU

The first and most important step in preventing the flu is to get a flu vaccine each year.

The Flu vaccine has been shown to reduce flu related illnesses and the risk of serious flu complications that can result in hospitalization or even death. We also recommend everyday preventive actions (like staying away from people who are sick, covering coughs and sneezes and frequent handwashing).

The tips and resources below will help you to learn about the steps you can take to protect yourself and others from flu and help stop the spread of germs.

Avoid close contact with people who are sick. When you are sick, keep your distance from others to protect them from getting sick too.

Stay home when you are sick. If possible, stay home from work, school and errands when you are sick. This will help prevent spreading your illness to others.

Cover your mouth and nose with a tissue when coughing or sneezing. It may prevent those around you from getting sick.

Washing your hands often will help protect you from germs. If soap and water are not available, use an alcohol-based hand rub.

Avoid touching your eyes, nose or mouth.

Germs are often spread when a person touches something that is contaminated with germs and then touches his or her eyes, nose, or mouth.

Practice other good health habits.

Clean and disinfect frequently touched surfaces at home, work or school, especially when someone is ill. Get plenty of sleep, be physically active, manage your stress, drink plenty of fluids, and eat nutritious food.

PREVENTING FLU AT WORK AND SCHOOL

At School

Find out about influenza planning in your child's school, childcare program, or college if an outbreak of flu or another illness occurs and whether flu vaccinations are offered on-site.

Ensure your child's school, childcare program, or college routinely cleans frequently touched objects and surfaces, and that they have a good supply of tissues, soap, paper towels, alcohol-based hand rubs, and disposable wipes on-site.

Ask how sick students and staff are separated from others when ill and who will care for them until they can go home.

At Work

Find out about your employer's plans if an outbreak of flu or another illness occurs and whether flu vaccinations are offered on-site.

Cleaning staff to routinely clean frequently touched objects and surfaces, including doorknobs, keyboards, and phones, to help remove germs.

Make sure your workplace has an adequate supply of tissues, soap, paper towels, alcohol-based hand rubs, and disposable wipes.

Train others on how to do your job so they can cover for you in case you or a family member gets sick and you have to stay home.

If you begin to feel sick while at work, go home as soon as possible.

When to call a Doctor or Seek Medical Help at the Hospital?

Generally, the flu is best managed at home; however, when a serious case develops it is essential to immediately seek medical assistance. If any of the following symptoms occur, it is time to seek expert assistance:

1. Difficulty breathing or shortness of breath.
2. Chest pain or abdominal pain.
3. Sudden dizziness.
4. Confusion.
5. Severe or persistent vomiting.
6. Flu-like symptoms that appear to get better, but then return with a fever and worse cough.
7. Swelling in the mouth or throat.

WHEN TO RETURN TO WORK / SCHOOL

When symptoms have subsided and temperature returns to normal is usually an indication that you are fit to return to work provided energy levels have returned.

This article is referenced from WHO, UKHSE & CDC Recommendations

AMCHAM MEMBERS SUPPORT THE COMMUNITY

CORPORATE SOCIAL RESPONSIBILITY IS A CORE VALUE FOR AMCHAM GEORGIA AND ITS MEMBERS, WHO WORK DILIGENTLY TO HELP GEORGIAN SOCIETY IN A VARIETY OF WAYS.

The Chamber is part of the UNDP Global Compact Program for Corporate Social Responsibility in Georgia. In addition, it has a committee dedicated to working with its members and wider Georgian society on CSR issues. AmCham Georgia also supports the Women's Empowerment Principles (WEPs), a joint initiative of the Global Compact and UN Women. AmCham Georgia's Nini Kapanadze is an active member of the WEPs working group.

Member companies also initiated a wide variety of their own initiatives to address needs in Georgian society. From helping children and their families, to education and health programs and efforts to protect the environment, AmCham Georgia members dedicated considerable time and effort to making life better for the community.

"AmCham members understand the importance of supporting social benefits which go beyond the immediate activities of their company," said AmCham Georgia President Michael Cowgill. Below, we provide a suggestive overview of some of the CSR activities of AmCham members.

HELPING CHILDREN AND FAMILIES

AmCham members were especially active in efforts to improve the lives of children in 2018.

American Medical Center was an active supporter of Chernovetskiy fund and Catharsis community. AMC also supported the 2018 IWA Winter Fair, the proceeds of which helped children with mental disabilities.

BDO supported the SOS children's village in 2016 and 2018. It was also a partner for the American Friends of Georgia and Iashvili Children's Hospital's ClownCare program. BDO also dedicated a holiday gift budget to charity causes. Deloitte provided assistance for the Dzegvi Shelter and helped households in need. Gloria/Tiflis Palace provides weekly free 3 course meals for families with 5 children. Gosselin Georgia is an active participant of C.O.A.T -Clothing Others Against The Snow

HeildelbergCement Georgia has organized a free Christmas fair with live music at the Children's Square. Hilton Batumi is an annual participant of "I Believe in Santa Claus" charity campaign in cooperation with Believe Foundation.

Luca Polare helps adolescents and youth without parental care to integrate into society. Mercure and Ibis hotels are active participants of the charity week for children and vulnerable elderly.

Nodia, Urumashvili & Partners are active supporters of several well established charities: Catharsis, the International Charity Fund of Social Help, Fund Aphkhazi, The Fund Named

After Archangel Gabriel and Peter the Apostle, Fund Tsiskari, Desire Tree Fund and the Knowledge Fund.

PwC Georgia as the part of PwC global CSR network and has created an annual Christmas tradition when PwC staff personally visit children from vulnerable families

Radisson Blu Iveria Hotel has been the main sponsor and supporter of the C.O.A.T.S charity event since 2011.

GOOD BUSINESS PRACTICES, EDUCATION AND HEALTH

Many member companies initiated innovative ways to help members of the community access quality education, promoting healthy lifestyles and responsible business practices.

Adjara Group is a member of the UN Global Compact initiative and focuses on projects that concern a range of issues. The company is also helping socially vulnerable children and elderly.

The Alexander Kartveli Association promotes and supports science initiatives especially among women girls and disadvantaged minorities.

Bank of Georgia encourages the implementation, development and popularization of the CSR in the banking industry, as well as contributions to environmental care, education and innovation. Caucasus University is a co-builder of the Knowledge Café in Tsnori.

Crystal has been awarded the Meliora 2018 Grand Prix as the Georgia's Most Responsible Business Company of the Year.

DIO promotes a healthy lifestyle, gender equality and ensuring equal right for education.

Georgian American University and its students have implemented several CSR projects, including unique bilingual book "Georgian Alphabet – 33 emotions" and the DI(UNI)VERSITY project which serves a more global mission to enhance the sense of tolerance and importance of diversity in society.

Globalink supports the Dara Charity Foundation's open school for children with special needs. Grant Thornton supports six students with GT scholarships. PMCG received the Meliora 2018 "Responsible Employer" Award. Terabank is promoting healthy lifestyles, women in technologies, interesting individuals and youth education. University of Georgia operates regional offices, where all activities, including professional trainings, are free of charge.

PROTECTING THE ENVIRONMENT

Our members have also worked hard to protect Georgia's valuable natural resources.

BP Georgia funded an eco-energy central heating system that is fueled by hazelnut shells, solar hot water heater and other environmentally sound heating solutions for the Erisimedi village kindergarten. Pasha Bank planted 2019 Georgian Oak and Imeretian Oak trees, which is include on the Red List of threatened species of plants.

Wissol Group has announced student contest #IZRUNE (care) to give youngsters an opportunity to develop ideas to solve air and noise pollution and implement it with a team of professionals.

AmCham Back To Business Cocktail Reception at Tiffany Terrace

AMCHAM HOSTED A BACK TO BUSINESS COCKTAIL RECEPTION AT TIFFANY TERRACE ON JANUARY 25. MEMBERS HAD A CHANCE TO SOCIALIZE AND ENJOY DELICIOUS COCKTAILS.

Stoli

AmCham Members' Holiday Appreciation Reception at the Tbilisi Marriott Hotel

AMCHAM GEORGIA HOSTED A MEMBERS' APPRECIATION HOLIDAY RECEPTION AND NETWORKING EVENT AT THE TBILISI MARRIOTT HOTEL ON DECEMBER 14. IT'S BEEN A WONDERFUL YEAR FOR AMCHAM WITH MORE EVENTS AND MORE INITIATIVES. AMCHAM GEORGIA PRESIDENT MICHAEL COWGILL GREETED THE GUESTS AND BRIEFLY HIGHLIGHTED THE ACHIEVEMENTS AND CHALLENGES OF THE PAST YEAR. GUESTS WERE WELCOME TO ENJOY MULLED WINE, COCKTAILS AND GEORGIAN WINE ALONG WITH DELICIOUS HOLIDAY FOOD AND DESSERTS. MEMBERS USED THE OPPORTUNITY TO RECONNECT WITH FRIENDS AND COLLEAGUES.

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This magazine would not be possible without your help.

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